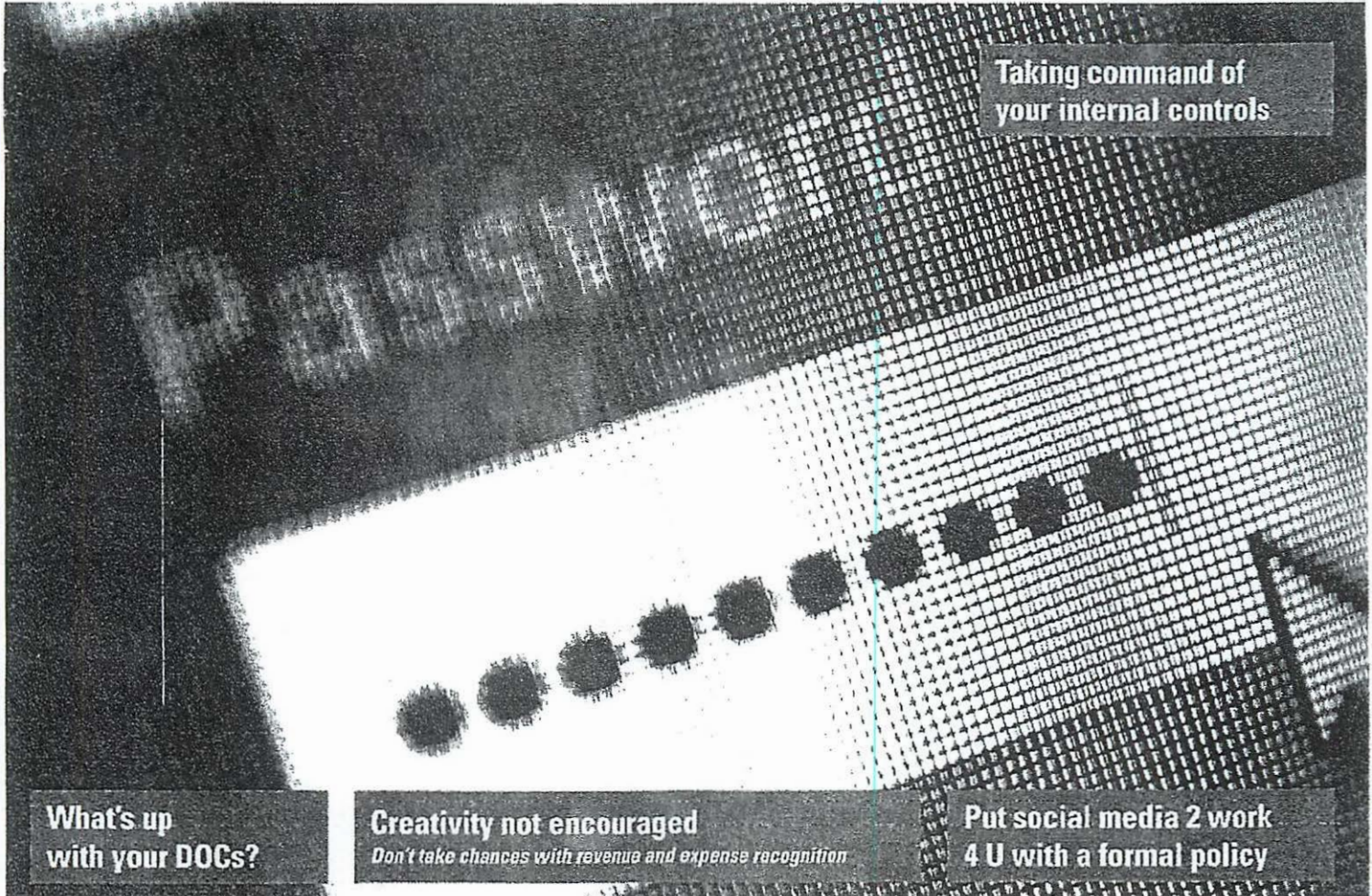


EXHIBIT 35

AUTO FOCUS

Summer 2013



VOYNOW BAYARD WHYTE & COMPANY

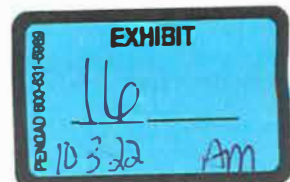
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Hugh Whyte, CPA, Kenneth Mann, CPA, or Randall Franzen, CPA
or visit our website at www.voynowbayard.com



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Taking command of your internal controls

Every dealership is at risk for theft and financial misstatement. These threats are especially high if a store lacks formal, regularly reviewed internal controls. Here are some ways to take command of yours.

Is your accounting accurate?

The first element of a strong internal control system is detailed, current and accurate financial information. Reliable financial statements help dealerships detect fraud early and document the fraud trail, if abuse takes place.

One sign of weak internal controls is an accounting department that fails to generate a balance sheet and income statement until two or more weeks after month's end. Accounting should post all transactions daily, including new and used vehicle sales, repair orders, invoice payments, and payroll and cash receipts.

By 1 p.m. on any given day, you should have access to real-time checkbook balances and

other accounting information effective as of 5 p.m. the day before. That way, you might be able to catch the first signs of fraud.

Conventional safeguards

Conventional safeguards, such as passwords, alarms and locks, are obvious elements of internal controls. But sometimes these fall by the wayside.

Reliable financial statements help dealerships detect fraud early and document the fraud trail, if abuse takes place.

To illustrate: A dealership's general manager forgot the parts storeroom key at home on audit day. When touring the facility, the CPA was shocked that the GM was able to enter the parts area through the exterior shipping door without being detected by anyone. So much for security!

Periodically review your safeguards and reinforce them, if necessary. Require employees to change their passwords quarterly and replace the locks when a manager terminates employment.

Operational controls

Operational safeguards mitigate the opportunity to commit fraud. Here are some real-world scams and ways that operational controls might have reduced or prevented losses from spiraling:

Checks and balances. Consider the parts manager who stole \$70,000 by selling parts on the side and pocketing the cash. The loss could have been significantly reduced if the owner or CFO



had thought like an internal auditor and performed random inventory counts throughout the year, rather than waiting for the CPA to physically verify inventories at year end.

Segregation of duties. Another dealership lost nearly \$16,000 when its cashier was caught stealing cash by voiding service orders and falsifying deposit slips. The cashier's responsibilities included collecting cash, issuing receipts to customers, preparing the daily deposit slip and reconciling the daily cash report. The loss might have been prevented if the dealership had separated these jobs. As a rule of thumb, employees who record and reconcile transactions should never have access to those assets (including being a signer on any bank accounts, and so on).

Background checks and dealer involvement. Another dealer was shocked to discover that the general manager was routinely wholesaling used cars at a loss to the dealership, because he owned a 50% interest in the wholesaler. A better pre-employment screening process could have helped detect such conflicts of interest as well as any criminal history. It also can identify people with poor credit histories, who might have a financial incentive to commit fraud.

The dealer-owner could have further prevented the scheme mentioned by reviewing wholesale transactions that incur a loss and by personally meeting all wholesalers and vendors. An involved, informed dealer who sets an ethical "tone at the top" is the surest sign of a strong internal control environment.

How does an audit help?

External audits provide no *guarantee* against fraud, but it's often helpful to have an objective, experienced outsider verify and analyze your accounting records. CPAs are trained to spot anomalies and will recommend ways to improve internal control weaknesses. Moreover, employees are less likely to commit dishonest behavior if they know someone will be asking questions about their actions.

5 easy fraud prevention tips

Talk to your employees about internal controls and let them know that you're proactive about preventing and detecting fraud. Make it known that you:

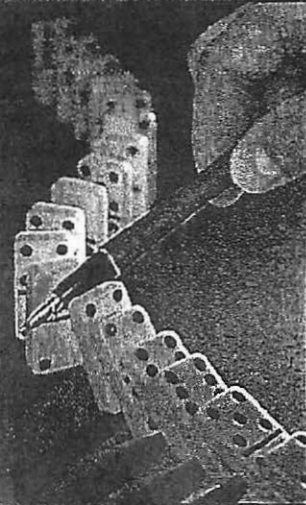
1. Receive a copy of bank and credit card statements at your personal address. Don't rely only on the accounting department to reconcile cash and approve charges. Duplicate their reconciliations and investigate questionable items.

2. Track inventory and fixed assets. Periodically ask accounting to run an inventory or fixed asset register; then locate or test count a few items. Inaccuracies or missing items should raise a red flag.

3. Review adjusting journal entries. Normal accounting entries should accurately record financial transactions. Adjusting entries — those that correct normal accounting entries — should be rare.

4. Require annual vacations. Some diligent workers legitimately forgo a vacation, but fraudsters also need to be in the office every day to hide their improprieties. Implement a mandatory vacation policy, to be on the safe side.

5. Have a zero tolerance policy. Terminate and prosecute employees caught stealing, cooking the books or "borrowing" dealership assets for personal use. Exceptions set a bad precedent.



Regular reviews

Even if your dealership already has a formal internal control system in place, be sure to review it periodically. You never know when you might discover new vulnerabilities that could enable dishonest employees to steal from you. ■

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We help drive auto dealers to greater success

Operating a successful dealership is increasingly complex. You not only have to be adept at serving the needs of demanding and more savvy customers, but also with managing inventory, juggling finances, complying with regulations, dealing with vendors, utilizing technology, motivating employees and maintaining profitability — all in a tough and competitive environment.

That's why you need the assistance of professionals who know the business and can help you drive your company forward. For over three generations, Voynow, Bayard, Whyte and Company, LLP has focused on serving the tax, accounting and management advisory needs of automobile dealerships and their owners. Our firm was founded on the principle that providing personalized service of the highest quality and integrity is the essence of good business.

Prefer to receive this newsletter electronically?

We would be pleased to e-mail an electronic version to you. Just send an e-mail to admin@voynowbayard.com with "Electronic Newsletter" in the subject line and your name, company name and contact information in the body of the message. We'll add you to our list for electronic distribution.

Our longevity and success are the results of adhering to this principle in meeting client needs.

Our experience with all types of dealership operations, accounting systems, franchise agreements, management styles, factory representatives, regulations, financial institutions and service providers enables us to offer a comprehensive range of services designed to advance your targets and goals, including:

- Due diligence and assistance with mergers, acquisitions and sales
- Financial statement analysis and benchmarking
- Review of internal controls and cash management procedures
- Feasibility studies, projections and budgeting
- Recruitment and compensation planning
- Design and implementation of specialized accounting systems
- Cost segregation and LIFO accounting
- Consulting on financing and banking relationships
- Business succession and estate planning
- Business and individual tax planning

We welcome the opportunity to discuss your needs and put our expertise to work for you. Please call us at 215-355-8000 and let us know how we can help drive your dealership to greater success. ■



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SPECIAL INDUSTRY FOCUS

AUTOMOBILE DEALERSHIPS

Our ability to offer an extensive list of services arises from our exposure to all types of operations, accounting systems, the interworkings of vastly different franchise arrangements, management styles, and an extensive network of factory representatives, financial institutions, ancillary service providers and industry leaders.

Among the specific services we provide are the following:

- Assistance in the acquisition and sale of dealerships from being familiar with the market place as to desirability of specific franchises (single and multi-point); giving due regard to facilities, location and other demographics, etc; teaming with management and counsel in structuring buy-sell agreements to obtain the maximum tax advantages and the optimal business terms; and due diligence studies of the profitability of the enterprise.
- Application of the LIFO method to new vehicle and other inventories. Utilization of LIFO, in most instances, produces tax deferrals which grow over the life of the enterprise.
- Confidential analyses of automobile dealer financial statements and evaluation of operating results and departmental performance with comparable stores in terms of units, volume and gross profits based on size, location and franchise. Study interrelationships with service and parts activity and relative expense levels of such vital items as advertising, rent, payroll costs and interest.
- Advice to safeguard assets, analysis of operating systems with a view toward improving internal controls, cash management and maintaining control over expenses.
- Assistance in hiring key personnel and evaluation, creation and implementation of compensation plans.
- Develop objective feasibility studies, projections and budgeting.
- Consultation with respect to analyzing and influencing banking arrangements.
- Design and implementation of specializing accounting systems and computer applications.
- Analysis of various alternative business decisions and their tax ramifications.

REAL ESTATE MANAGEMENT, LEASING AND DEVELOPMENT

The firm over the years has been recognized as a leader in providing services to the real estate community, including dealings with commercial and residential construction contractors and real estate investors.

- Our goal is not only to provide the normal accounting and tax compliance services, but also to help our clients address structural business changes within the industry's economic environment and evaluate the form of entity which produces the optimal tax results.
- Particular tax credentials are in the areas of cost segregations, historic rehabilitation tax credits, environmental clean-up, cancellation of indebtedness income, like-kind property exchanges and partnership book and tax capital account analysis and special allocations.
- Our experience with property development and income production extends to office buildings, shopping malls and other retail facilities.

The real estate industry has encountered many changes over the last 25 years and our clients have had to evolve and deal with these issues with us closely. New regulations, financing arrangements and technological changes have all had a strong impact on the decision-making process.

SERVICES

We provide a wide range of services to individuals and businesses in a variety of industries. Our firm strives to meet each client's specific needs in planning for the future and achieving their goals.

RESOURCES

Our calculators have been provided as a resource for you to help plan your financial matters. Enter your criteria and you will find answers with dynamic graphs and personalized reports.

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PROFESSIONAL SERVICES

Voynow Bayard, Whyte and Company, LLP provides a wide range of services to individuals and businesses in a variety of industries. At Voynow Bayard, Whyte and Company, LLP, we strive to meet each client's specific needs in planning for the future and achieving their goals in an ever-changing financial and regulatory environment.

Our professional services include:

- ACCOUNTING AND REPORTING SERVICES
- TAX PREPARATION AND PLANNING
- MANAGEMENT ADVISORY SERVICES
- MANAGEMENT INFORMATION SYSTEMS
- EMPLOYEE BENEFIT PLANS

ACCOUNTING AND REPORTING SERVICES

Financial statements are a prime source of information for management, stockholders, partners, investors, governmental agencies, creditors and lenders. Reviews and compilations of financials have gained wide acceptance as lower levels of attestation for closely-held businesses, especially if the business is submitting interim financials to a third party user. If an audit is required to provide additional assurance to the user on the financial statements, we will be in constant communication with management and/or the audit committee. Since an audit includes obtaining an understanding of internal controls, the engagement can be expanded to provide consultation services to improve organizational and operational efficiency.

[Request information about ACCOUNTING AND REPORTING SERVICES below](#)

TAX PREPARATION AND PLANNING

Federal, state, and local tax return preparation for individuals, corporations, partnerships, limited liability companies, trusts and estates will always be a main staple. However, creative and constructive year-end and long-term tax planning will be at the focal point of our tax services. Tax planning issues of the closely-held corporations' shareholders and of corporate executives, generally, are at the helm and at the top of our performance curve. That same expertise is applied to all our business clients, including partnerships, with their complicated rules on basis and income loss and liability allocations, etc. A tax specialist may be assigned to a client for technical tax support, facilitating the planning process by having an extra tax person become familiar with a client's ongoing business affairs. Our tax library is comprehensive, and we subscribe to Research Institute of America's internet tax web site which allows our tax specialists to keep abreast of the most recent tax developments.

[Request information about TAX PREPARATION AND PLANNING below](#)

MANAGEMENT ADVISORY SERVICES

Our business practice is centered in management advisory services to serve clients in a wide range of areas, such as cash management, profit planning and controls, problem solving, organization and administration, accounting systems and support, and government compliance.

[Request information about MANAGEMENT ADVISORY SERVICES below](#)

MANAGEMENT INFORMATION SYSTEMS

Our assistance to plan and maintain the kinds of integrated management, information and control systems may be required for effective, efficient and profitable operations. These efforts are formulated into feasibility studies, systems design and hardware and software evaluation.

[Request information about MANAGEMENT INFORMATION SYSTEMS below](#)

EMPLOYEE BENEFIT PLANS

The desirability for employers to adopt benefit plans for their employees leads to the monitoring of these plans in recognition of the audit requirements under ERISA. Our library contains extensive reference materials used in the audits of these plans. We have been involved in the decision-making process leading to plan origination and have consulting relationships with some of the leading plan administrators and investment advisors.

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ABOUT US

About Our Firm

VOYNOW, BAYARD, WHYTE AND COMPANY, LLP traces its origins back to 1954. From its inception, the firm's strength has been in client service by acquiring in-depth knowledge through many years of experience and by playing an integral, yet independent, role on our clients' management teams. The firm services a broad range of businesses and individuals from all walks of life. The practice's main focus is the industries of retail automotive sales and real estate management, leasing and development. Our clients represent local economies and large metropolitan areas in Pennsylvania (especially Philadelphia and suburbs), New Jersey, New York, Delaware and Florida. Our specialized knowledge permits us to render accounting, tax planning, management advisory and other related services in the most sophisticated of scenarios, tailored to each client's needs.

The firm was founded on the principle of commitment to providing personalized service of the highest quality. To advance our standards in this regard, the firm ascribes to the Peer Review Program of the American Institute of Certified Public Accountant (AICPA). As a program participant, we have undergone successful periodic peer reviews of our accounting and audit practice, including our system of quality control. Our longevity is a result of continually meeting our clients' needs. Our efforts are directed towards providing a timely valuable end work product. As a result of this achievement, we have built relationships of the utmost cooperation and teamwork with the area's legal, insurance and bank lending communities.

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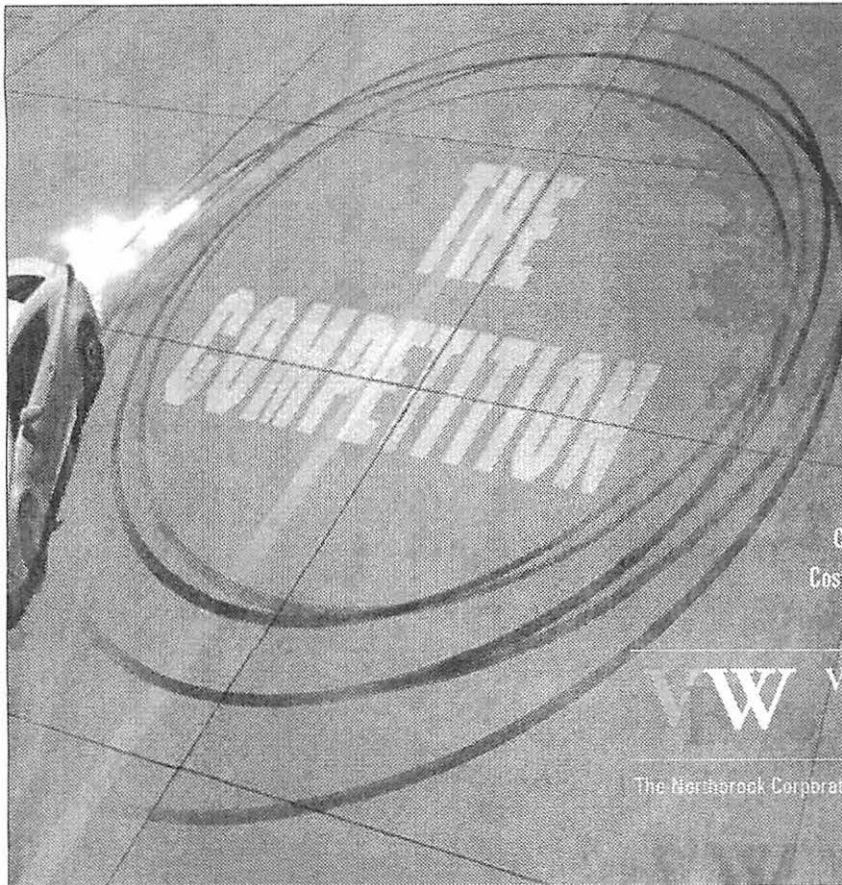


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